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19 **UNITED STATES DISTRICT COURT**

20

21 **DISTRICT OF ARIZONA**

22

23 GAYLEN A. PETERSON, *on behalf of*
24 *herself and all others similarly situated,*

25

26 Civil Case No.:

27

28 **CLASS ACTION COMPLAINT**

29

30 **DEMAND FOR JURY TRIAL**

31

32 Plaintiff,
33 vs.
34 SWIFT TRANSPORTATION
35 COMPANY, RICHARD H. DOZER,
36 GLENN BROWN, JOSÉ CÁRDENAS,
37 JERRY MOYES, WILLIAM RILEY III,
38 and DAVID VANDER PLOEG

39

40 Defendants.

41

42 **CLASS ACTION COMPLAINT FOR VIOLATION OF SECTIONS 14(a) AND 20(a)**
43 **OF THE SECURITIES EXCHANGE ACT OF 1934**

44

45 Plaintiff Gaylen A. Peterson (“Plaintiff”), on behalf of herself and the proposed Class
46 defined herein, brings this class action suit for violations of Sections 14(a) and 20(a) of the
47 Securities Exchange Act of 1934. In support of this Class Action Complaint, Plaintiff, by her

1 attorneys, alleges upon information and belief, except for her own acts, which are alleged on
2 knowledge, as follows:

3 **NATURE OF THE ACTION**

4 1. Plaintiff brings this action on behalf of herself and the public stockholders of
5 Swift Transportation Company (“Swift” or the “Company”) against the Company and Swift’s
6 Board of Directors (collectively, the “Board” or the “Individual Defendants,” as further defined
7 below) for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the
8 “Exchange Act”), and Rule 14a-9 promulgated thereunder (“Rule 14a-9”).

9 2. On April 9, 2017, the Company entered into an Agreement and Plan of Merger
10 (“Merger Agreement”) pursuant to which Swift and Bishop Merger Sub, Inc. (“Merger Sub”)
11 will be combined with Knight Transportation, Inc. (“Knight”) (the “Proposed Transaction”).

12 3. Under the terms of the Merger Agreement, Swift will amend its certificate of
13 incorporation to permit the Company to convert all outstanding Class B shares of Swift into an
14 equal number of shares of Class A shares of Swift. Thereafter, all out outstanding Class A shares
15 of Swift will be combined by means of a reverse stock split into 0.720 of a Class A shares of the
16 combined company (the “Reverse Stock Split”). Merger Sub, a direct wholly-owned subsidiary
17 of Swift, will merge with and into Knight, with Knight becoming a wholly-owned subsidiary of
18 the combined company. Each share of Knight will be exchanged for one Knight-Swift share. The
19 combined company will be publicly owned and will trade its stock on New York Stock
20 Exchange under the symbol KNX, with Swift changing its name to Knight-Swift Transportation
21 Holdings Inc. Following the completion of the merger, Swift shareholders will own 54% of the
22 new company, while Knight shareholders will own the rest.

23 4. On May 24, 2017, defendants issued materially incomplete and misleading
24 disclosures in the Form S-4 Registration Statement (the “Registration Statement”) filed with the
25 United States Securities and Exchange Commission (“SEC”) in connection with the Proposed
26 Transaction. The Registration Statement is deficient and misleading in that it fails to provide
27 adequate disclosures of all material information related to the Proposed Transaction.

28 5. Accordingly, Plaintiff alleges herein that Defendants have breached their

1 fiduciary duties and violated Sections 14(a) and 20(a) of the Exchange Act in connection with
2 the filing of the Registration Statement. Plaintiff seeks to enjoin the stockholder vote on the
3 Proposed Transaction unless and until such Exchange Act violations are cured.

4 **JURISDICTION AND VENUE**

5 6. This Court has subject matter jurisdiction under 28 U.S.C. § 1331, pursuant to 15
6 U.S.C. § 78aa (federal question jurisdiction), as Plaintiff alleges violations of Section 14(a) of
7 the Exchange Act and Rule 14a-9 promulgated thereunder.

8 7. The Court has personal jurisdiction over each of the Defendants because each
9 either is a corporation that is incorporated under the laws of, conducts business in and maintains
10 operations in this District or is an individual who either is present in this District for
11 jurisdictional purposes or has sufficient minimum contacts with this District as to render the
12 exercise of jurisdiction by this Court permissible under traditional notions of fair play and
13 substantial justice.

14 8. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because: (a) one or
15 more of the Defendants either resides in or maintains executive offices here; (b) a substantial
16 portion of the transactions and wrongs complained of herein occurred here; and (c) Defendants
17 have received substantial compensation and other transfers of money here by doing business here
18 and engaging in activities having an effect here.

19 **PARTIES**

20 9. Plaintiff is, and has been at all relevant times, the owner of shares of Swift
21 common stock.

22 10. Defendant Richard H. Dozer (“Dozer”) has served as a director of Swift since
23 April 2008. He is presently serving as Chairman of the Board, Chairman of the Audit
24 Committee, a member of the Compensation Committee, and member of the Nominating and
25 Corporate Governance Committee.

26 11. Defendant Glenn Brown (“Brown”) has served as a member of the Company’s
27 Board since 2010. Brown currently serves as the Chair of the Nominating and Corporate
28 Governance Committee and as a member of the Audit Committee and Compensation

Committee.

12. Defendant José Cárdenas (“Cárdenas”) served as a member of the Company’s board of directors since July 2014.

13. Defendant Jerry Moyes (“Moyes”) served as Swift’s CEO from May 2007 until his retirement effective December 31, 2016. Moyes currently serves as a consultant to the Company with the title Founder and Chairman Emeritus.

14. Defendant William Riley III (“Riley”) has served as a director of Swift since July 2014.

15. Defendant David Vander Ploeg (“Vander Ploeg”) has served as a director of Swift since September 2009. Vander Ploeg is the Chair of the Compensation Committee and serves as a member of the Audit Committee and Nominating and Governance Committee.

16. Defendants Vander Ploeg, Riley, Moyes, Cárdenas, Brown, and Dozer are collectively referred to herein as the “Board” or the “Individual Defendants.”

17. Defendant Swift Transportation Company is an Arizona-based publicly held American truckload motor shipping carrier. The Company is the largest common carrier in the United States, with over 16,000 trucks. The Company is a Delaware corporation and maintains its principal offices at 2200 South 75th Avenue, Phoenix, Arizona 85043. Swift's common stock is traded on the NYSE under the ticker symbol "SWFT."

18. The Individual Defendants and Swift are referred to collectively herein as "Defendants."

OTHER RELEVANT ENTITIES

19. Knight is a publicly traded Phoenix, Arizona, based American truckload motor shipping carrier.

20. Merger Sub, an Arizona corporation, is a wholly-owned subsidiary of Swift and was formed solely for the purpose of carrying out the merger.

CLASS ACTION ALLEGATIONS

21. Plaintiff brings this action individually and as a class action on behalf of all

1 holders of Swift stock who are being, and will be, harmed by Defendants' actions described
2 herein (the "Class"). Excluded from the Class are Defendants herein and any person, firm, trust,
3 corporation, or other entity related to, controlled by, or affiliated with, any Defendant, including
4 the immediate family members of the Individual Defendant.

5 22. This action is properly maintainable as a class action under Federal Rule of Civil
6 Procedure 23.

7 23. The Class is so numerous that joinder of all members is impracticable. According
8 to the Form 10-Q Quarterly Report filed with the SEC on May 2, 2017, as of April 25, 2017,
9 there were 83,539,116 shares of Swift class A common stock and 49,741,938 shares of Swift
10 class B common stock outstanding. These shares are held by thousands of beneficial holders who
11 are geographically dispersed across the country.

12 24. There are questions of law and fact which are common to the Class and which
13 predominate over questions affecting any individual Class member. The common questions
14 include, inter alia, the following:

- 15 (a) Whether defendants violated Section 14(a) of the Exchange Act and Rule
16 14a-9 promulgated thereunder;
- 17 (b) Whether the Individual Defendants have violated Section 20(a) of the
18 Exchange Act; and
- 19 (c) Whether Plaintiff and the other members of the Class would suffer
20 irreparable harm were the Proposed Transaction consummated.

21 25. Plaintiff's claims are typical of the claims of the other members of the Class and
22 Plaintiff does not have any interests adverse to the Class.

23 26. Plaintiff is an adequate representative of the Class, has retained competent
24 counsel experienced in litigation of this nature, and will fairly and adequately protect the
25 interests of the Class.

26 27. The prosecution of separate actions by individual members of the Class creates a
27 risk of inconsistent or varying adjudications with respect to individual members of the Class,
28 which could establish incompatible standards of conduct for Defendants.

28 28. Plaintiff anticipates that there will be no difficulty in the management of this

1 litigation. A class action is superior to other available methods for the fair and efficient
2 adjudication of this controversy.

3 29. Defendants have acted on grounds generally applicable to the Class with respect
4 to the matters complained of herein, thereby making appropriate the relief sought herein with
5 respect to the Class a whole.

6 30. Accordingly, Plaintiff seeks injunctive and other equitable relief on behalf of
7 herself and the Class to prevent the irreparable injury that the Company's stockholders will
8 continue to suffer absent judicial intervention.

9 **FACTUAL BACKGROUND**

10 **Company Background and Strong Financial Outlook**

11 31. Co-founded in 1966 by Defendant Moyes, Swift has grown to become the largest
12 full-truckload motor carrier in North America, generating over \$4 billion in revenue and
13 operating nearly 20,000 trucks. As of December 2016, Swift's fleet was comprised of 13,937
14 Company tractors and 4,429 owner-operator tractors, as well as 64,066 trailers, and 9,131
15 intermodal containers.

16 32. Helping to fuel this success is the Company's Code of Business Conduct (the
17 "Code"), a central tenant of Swift's corporate culture, which provides principles to which Swift's
18 employees, officers, and board members are expected to adhere. Included as part of these
19 principles, is the mandate that all employees be held to the highest standards of veracity. This
20 adherence to honesty is also applied to dealings with the Company shareholders, as the Code
21 mandates that the Company provide shareholders with full, fair, accurate, timely, and
22 understandable disclosure in reports and documents that a registrant files with, or submits to, the
23 SEC and in other public communications made by the registrant. Here, the Company has violated
24 this requirement by including materially incomplete and misleading disclosures in the Form S-4
25 Registration Statement filed with the SEC in connection with the Proposed Transaction.

26 **The Sale Process**

27 33. Knight and Swift, the two largest truckload companies in Phoenix, Arizona, have
28 long-standing familiarity with each other's businesses and have informally discussed a possible

1 business combination at various points over the past several years. However, it wasn't until the
2 fall of 2016 that these informal discussions became reality.

3 34. On August 30, 2016, Kevin Knight, Executive Chairman of the board of directors
4 of Knight, met with Defendant Moyes and conveyed Knight's interest in combining Knight and
5 Swift.

6 35. Knight's interest in a potential merger was first shared with Defendant Dozer in
7 late August 2016, before eventually being presented to the entire Board during a September 7,
8 2016 board meeting. Following the September 7 meeting, the Board directed management to
9 proceed regarding a potential combination with Knight, and discussions between the two
10 companies began in earnest.

11 36. On the morning of September 23, 2016, Defendants Dozer and Moyes met with
12 Messrs. Kevin and Gary Knight to discuss the strategic rationale for a combination of Knight and
13 Swift, including the potential management team of the combined company. No proposal was
14 made at this meeting and the parties did not discuss any financial terms of a potential transaction.
15 Three days later Defendant Dozer met with Messrs. Knight to further discuss potential terms of a
16 combination, including the potential management team of a combined company.

17 37. That same day, the Swift board of directors held a meeting to discuss the potential
18 transaction with Knight, including the engagement of legal and financial advisors to assist with
19 Swift's evaluation of a potential transaction. At this meeting, the Board authorized the
20 engagement of Kirkland & Ellis LLP ("Kirkland"), as counsel to Swift in connection with the
21 evaluation of a potential transaction with Knight, and the Board determined to interview
22 investment banks at a later date in order to select a financial advisor.

23 38. On October 4, 2016, Knight's representatives sent Swift a draft mutual
24 nondisclosure agreement (the "NDA"), which was reviewed by Swift's board of directors during
25 an October 5, 2016 meeting of the Swift board of directors. At the conclusion of the meeting, the
26 Board directed its representatives to continue negotiating the terms of the NDA and scheduled a
27 meeting in Phoenix later in October to interview potential financial advisors.

28 39. The interviews occurred on October 27, 2016. Defendants Dozer, Moyes, Riley,

1 and Vander Ploeg, members of Swift management, and representatives of Kirkland met with
 2 three investment banks and discussed the potential engagement of a financial advisor in
 3 connection with a range of potential strategic transactions involving Swift and the investment
 4 banks' respective qualifications, reputations and experience.

5 40. During a November 3, 2016 board meeting, the Board discussed the previous
 6 week's investment bank interviews, and concluded that it would not make a decision to engage a
 7 financial advisor until a proposal was received from Knight. Additionally, the Board concluded
 8 that, in light of the significant additional work associated with the evaluation of the potential
 9 transaction, additional compensation was warranted. The Registration Statement fails to provide
 10 specific details regarding why the Board believed that this additional work was outside their
 11 responsibilities as Board members thereby justifying additional compensation. Furthermore,
 12 although additional compensation was initially discussed to be paid on a per meeting basis, the
 13 Registration Statement indicates that the Board agreed to pay themselves additional
 14 compensation as follows: (i) \$500 for one hour or less; (ii) \$1,000 for one to four hours; and (iii)
 15 \$2,500 for four hours or more. The Registration Statement fails to disclose the total amount that
 16 was paid out to individual board members under this arrangement.

17 41. On November 28, 2016, Knight sent a draft indication of interest to Defendant
 18 Dozer, which contemplated (1) an all-stock transaction in which each class A share of Swift and
 19 class B share of Swift would be exchanged for 0.740 of a share of the combined company, and
 20 each share of Knight would be exchanged for one combined company share; (2) that the
 21 combined company would include a number of Swift directors to be mutually agreed upon, but
 22 the combined company's board of directors would have a majority of its directors comprised of
 23 current directors of Knight; (3) that some of Swift's key executive officers and operating team
 24 members would continue to hold leadership roles over Swift's business after closing; (4) that
 25 both companies would continue to operate as distinct businesses with separate brands; and (5)
 26 that the new name of the combined company would include both the "Knight" and "Swift"
 27 names.

28 42. The indication of interest was presented to the Board on December 1, 2016. Given

1 the importance of any decision regarding the indication of interest and to provide sufficient time
2 for the Board to review the proposal, the Board determined that it would further discuss these
3 matters at the next quarterly meeting on December 22, 2016. To assist in this process, the Board
4 approved the selection of Morgan Stanley as the Company's financial advisor, and agreed that
5 Morgan Stanley would provide its preliminary financial analysis relating to the indication of
6 interest at the meeting on December 22, 2016.

7 43. At the December 22, 2016 quarterly board meeting, the Board received an update
8 pertaining to the status of discussions with Knight. After presentations from both Kirkland and
9 Morgan Stanley, the Board concluded that Defendant Dozer would communicate to Kevin
10 Knight that, Swift was willing to sign a nondisclosure agreement, exchange financial projections,
11 provide Knight with the targeted due diligence items noted in the Initial Proposal and engage in
12 discussions regarding potential synergies. During this meeting, Morgan Stanley presented to the
13 Swift board of directors a relationship disclosure letter, which had been previously circulated to
14 the Swift board of directors, noting in particular that in the past two years Morgan Stanley, or an
15 affiliate thereof, had been engaged as a lender to Defendant Moyes, as well as Keith Knight, a
16 former executive of both Swift and Knight. The Registration Statement, does not disclose the
17 timing and compensation Morgan Stanley earned for the lending services to each of Moyes and
18 Keith Knight.

19 44. Between January 6, 2017 and January 16, 2017, Swift and Knight, and their
20 respective representatives, negotiated the terms of a mutual NDA containing reciprocal standstill
21 obligations (and which permitted each party to privately submit one or more acquisition
22 proposals to the other party's chairman or board of directors). The NDA was executed on
23 January 16, 2017.

24 45. Over the next month, due diligence continued, and members of Swift's
25 management met with representatives of Knight to discuss the potential roles of Swift
26 management in the combined company.

27 46. On February 28, 2017, the Board held a special meeting to review the status of the
28 potential transaction with Knight. During this meeting, Defendant Moyes informed the Board

1 that he would not support any strategic transaction involving Swift other than a combination with
 2 Knight. As Moyes, along with certain of his family members and affiliates, beneficially own
 3 approximately 45% of Swift's class A and B shares, Moyes' support was necessary for the
 4 successful completion of any proposed strategic transaction.

5 47. Negotiations and due diligence between the two companies continued unabated
 6 throughout the early-half of March, and on March 14, 2017, Knight submitted a revised
 7 indication of interest. This revised indication of interest contemplated (1) a 0.675 exchange ratio;
 8 (ii) that Swift would remain as the surviving public company, (iii) that the combined company
 9 would have a single class of shares outstanding, (iv) that the combined company's board would
 10 consist of 10 to 15 directors, with two directors to be selected by the Swift board of directors and
 11 two directors to be selected by Defendant Moyes in his capacity as a stockholder, and (v) that
 12 Defendant Moyes and members of his family would be subject to obligations to vote in favor of
 13 a transaction as well as standstill provisions and transfer restrictions with respect to the combined
 14 company and Mr. Moyes would have certain governance rights with respect to the combined
 15 company.

16 48. The Board reviewed this updated proposal on March 16, 2017, and concluded
 17 that, while the Company was willing to continue exploring a transaction with Knight, the
 18 exchange ratio would need to be increased. This information was communicated to Knight on
 19 March 18, 2017.

20 49. On March 19, 2017, Gary Knight informed Defendant Dozer that Knight was
 21 willing to increase the exchange ratio to 0.70, and that Knight's improved proposal was
 22 conditioned on Swift not soliciting or entertaining alternative transactions. Following further
 23 negotiations, the exchange ratio was later increased to .72 on March 21, 2017.

24 50. That same day, the Board met and, after reviewing the recent negotiations
 25 between the two Companies and their respective representatives, determined to move forward
 26 with discussions based on an exchange ratio of 0.72.

27 51. From March 22 through April 9, due diligence and negotiations between Knight
 28 and Swift, and their respective representatives, continued as the parties exchanged drafts of the

1 merger agreement and continued to negotiate business and legal issues in the merger agreement,
2 including the voting and fiduciary provisions. As part of these negotiations, on March 31, 2017,
3 Knight requested that Defendants Dozer and Vander Ploeg serve on the combined company
4 board.

5 52. On April 9, 2017, following the finalization of the Merger Agreement, the Board
6 held a meeting to vote on the Proposed Transaction. After a review of the Merger Agreement and
7 a presentation by Morgan Stanley of its financial analysis of the proposed transaction, the Board
8 unanimously determined: that that the merger and the merger agreement and the transactions
9 contemplated thereby, including the Swift charter amendment and the Swift share issuance, were
10 advisable and in the best interests of Swift and its stockholders; unanimously approved and
11 adopted the merger agreement; authorized management to execute the merger agreement on
12 behalf of Swift; directed that the Swift charter amendment and Swift share issuance be submitted
13 to a vote at a meeting of Swift stockholders; resolved to recommend that Swift stockholders vote
14 to approve the Swift charter amendment and the Swift share issuance; and approved and
15 authorized certain related matters, including the support agreements and stockholders
16 agreements.

17 53. The following day, the parties issued a joint press release announcing the merger.

18 **The Proposed Transaction**

19 54. In a joint press release dated April 10, 2017, Knight and Swift announced that
20 they had entered into the Merger Agreement pursuant to which Knight will merge with a wholly
21 owned subsidiary of Swift in an all-stock transaction, thereby forming the combined company
22 Knight-Swift Transportation Holdings Inc.

23 55. The press release states in pertinent part:

24 PHOENIX--(BUSINESS WIRE)--Knight Transportation, Inc. (NYSE:KNX)
25 ("Knight") and Swift Transportation Company (NYSE:SWFT) ("Swift") today
26 announced that their boards of directors have unanimously approved a merger of
27 Knight and Swift in an all-stock transaction that will create the industry's largest
28 full truckload company. The combined company will be named Knight-Swift
Transportation Holdings Inc. ("Knight-Swift") and will trade under the ticker
"KNX."

1 This transaction combines under common ownership two long-standing industry
 2 leaders creating North America's premier truckload transportation company with
 3 \$5 billion in annual revenue and a "Top 5" truckload presence in dry van,
 4 refrigerated, dedicated, cross-border Mexico and Canada, and a significant
 5 presence in brokerage and intermodal. The holding company structure will enable
 6 the Knight and Swift businesses to operate under common ownership and share
 7 best practices, while maintaining distinct brands and operations. The company
 8 will remain headquartered in Phoenix, Arizona operating with approximately
 9 23,000 tractors, 77,000 trailers, and 28,000 employees.

10 Under the terms of the definitive agreement each Swift share will convert into
 11 0.72 shares of Knight-Swift by means of a reverse stock split. Each share of
 12 Knight will be exchanged for one Knight-Swift share. Based on the \$30.65
 13 closing price of Knight shares on April 7, 2017, the last trading day prior to the
 14 announcement, the implied value per share of Swift is \$22.07. Upon closing of the
 15 transaction, Swift stockholders will own approximately 54 percent and Knight
 16 stockholders will own approximately 46 percent of the combined company. Based
 17 on Knight's closing share price on April 7, 2017, the number of combined
 18 company shares expected to be outstanding after closing and the combined net
 19 debt of Swift and Knight as of December 31, 2016, the combined company would
 20 have an implied enterprise value of approximately \$6 billion.

21 Knight is expected to be the accounting acquirer, and the transaction is expected
 22 to be accretive to adjusted earnings per share ("Adjusted EPS") with expected
 23 pre-tax synergies of approximately \$15 million in the second half of 2017, \$100
 24 million in 2018, and \$150 million in 2019.

25 Knight Executive Chairman, Kevin Knight, said: "In Knight's 26-year history, we
 26 have built a truckload company with industry leading margins and investment
 27 returns. When the two companies began discussions, we had four goals in mind:
 28 create a company with the best strategic position in our industry; identify
 significant realizable synergies that would create value for both sets of
 stockholders; create a business that over the long-term will operate at Knight's
 historical margins and financial returns; and agree on a leadership and corporate
 governance framework that will benefit all stakeholders. I am confident we have
 achieved those goals."

29 Swift Chairman, Richard Dozer, stated: "This is a terrific opportunity for our
 30 stockholders, who stand to benefit from the significant upside potential of this
 31 transaction. Indeed, by coming together under common ownership, the companies
 32 will be able to capitalize on economies of scale to achieve substantial synergies.
 33 This is an exciting chapter in the Swift story and everyone who is a part of it
 34 should be both proud of what we bring to the table and excited about what lies
 35 ahead. I am confident in this new team, in the new structure and in the future of
 36 Swift in the industry."

37 Knight Chief Executive Officer, Dave Jackson, added: "Under this ownership
 38 structure, we will be able to operate our distinct brands independently with
 experienced leadership in place. We look forward to learning from each other's

best practices as we seek to be the most efficient company in the industry. We are dedicated to a seamless transition and ensuring continuity for our customers and professional Driving Associates.”

Swift Chief Executive Officer, Richard Stocking, stated: “I am proud of all Swift has accomplished and that it will be a significant part of this new venture, which brings together the most robust, respected and reliable truckload providers in North America. I am especially proud of the fact that both companies will remain devoted to delivering a better life to employees, customers, and communities. Throughout this transition, I encourage everyone to work together to continue building the Swift brand.”

Swift founder and controlling stockholder, Jerry Moyes, added: “I cannot think of a better combination. The Knight and Moyes families grew up together, and the Knights helped me build Swift before starting their own company and making it an industry leader in growth and profitability. I am confident that we have the right approach to maximizing the contribution of both teams, and I look forward to helping the Knight-Swift leadership team in any way I can to continue the legacy of both great companies.”

Outlook and Synergy Opportunities

Knight has been among the most efficient truckload motor carriers and Knight-Swift expects to employ a cross-functional team to generate significant synergies across both brands. The transaction is expected to be accretive to adjusted earnings per share and to generate pre-tax revenue and cost synergies of approximately \$15 million in the second half of 2017, \$100 million in 2018 and \$150 million in 2019. Synergies are expected to be realized from sharing best practices from each company, improving yield, identifying purchasing economies, benefitting from broader geographic scale and capitalizing on an enhanced cash flow profile to reduce interest costs.

Preliminary Combined Financial Information (1)

On a combined basis, Knight and Swift generated approximately \$5.1 billion in total revenue, \$416 million in adjusted operating income and \$806 million in Adjusted EBITDA for 2016. The combined financial information excludes synergies, transaction and related expenses, and transaction accounting, including amortization of intangibles.

On a combined basis, as of December 31, 2016, net debt was approximately \$1.1 billion, and Knight-Swift’s leverage ratio (net debt/Adjusted EBITDA) was approximately 1.3x. The Swift credit facilities are not required to be refinanced in connection with the closing but may be refinanced in the future on more attractive terms. Post-closing, Knight-Swift expects to pay its stockholders quarterly dividends of \$0.06 per share. On a combined basis, free cash flow was approximately \$495 million for 2016. The companies expect net capital expenditures to be approximately \$345 million to \$410 million for the full year 2017.

1 **Leadership and Corporate Governance**

2 The Board of Directors of Knight-Swift will comprise all Knight directors and
 3 four current Swift directors. The Jerry Moyes family will initially be entitled to
 4 designate two directors reasonably acceptable to the Board, one of whom must be
 5 independent, with the initial designees being Glenn Brown and Jerry Moyes. The
 6 remaining two directors were chosen by the Swift board and will be Richard
 7 Dozer and David Vander Ploeg. Kevin Knight will serve as Executive Chairman
 8 of the Board and Gary Knight will serve as Vice Chairman.

9 The executive team of Knight-Swift will be led by Kevin Knight as Executive
 10 Chairman, Dave Jackson as Chief Executive Officer and Adam Miller as Chief
 11 Financial Officer. Following the close of the transaction, Kevin Knight will serve
 12 as President of the Swift operating entities. Jerry Moyes will serve as a non-
 13 employee senior advisor to Kevin and Gary Knight.

14 Richard Stocking, Chief Executive Officer of Swift, and Ginnie Henkels, Chief
 15 Financial Officer of Swift, have chosen to pursue other opportunities following
 16 the closing of the transaction. In the interim, both Mr. Stocking and Ms. Henkels
 17 will continue to lead Swift to ensure a smooth transition.

18 Knight-Swift will have a single class of stock outstanding with one vote per share.
 19 In the transaction, Swift's existing Class B common stock with two votes per
 20 share held by members of the Jerry Moyes family will be converted on a one-for-
 21 one basis into Class A common stock. Those shares, like all other Class A shares
 22 of Swift, will convert into 0.72 shares of Knight-Swift and there will be no shares
 23 of Class B common stock outstanding following the close of the transaction. After
 24 giving effect to the transaction, the Jerry Moyes family will beneficially own
 25 approximately 24 percent of the Knight-Swift stock and has agreed that any
 26 shares they are entitled to vote in excess of 12.5 percent of the combined
 27 company's shares will be voted as directed by a committee comprising Jerry
 28 Moyes, Kevin Knight and Gary Knight, except in the case of a vote of any sale of
 29 Knight-Swift. In addition, the Jerry Moyes family has agreed to certain standstill
 30 restrictions and provisions designed so that any share sales by the Jerry Moyes
 31 family are implemented in an orderly manner. Certain members of the Knight
 32 family have also agreed to such restrictions.

33 **Approvals and Close**

34 The transaction is subject to customary conditions, including the approval of the
 35 stockholders of Knight and Swift, as well as antitrust approvals. The Jerry Moyes
 36 family, which holds approximately 56 percent of the Swift voting power, and
 37 Kevin Knight and Gary Knight, who hold approximately 10 percent of the Knight
 38 voting power, have agreed to vote their shares in favor of the transaction.

39 Following the close of the transaction, which is expected to occur in the third
 40 quarter of 2017, Knight-Swift is expected to have approximately 176.1 million
 41 shares outstanding and 178.9 million shares on a fully diluted basis. The Knight-

1 Swift shares are expected to trade on the New York Stock Exchange under the
 2 symbol “KNX.”
 3

4 **The Registration Statement Contains Numerous Material Misstatements or Omissions**
 5

6 56. On May 24, 2017, Defendants filed, or caused to be filed, a materially incomplete
 7 and misleading Registration Statement with the SEC and disseminated it to Swift stockholders.
 8 The Registration Statement misrepresents or omits material information that is necessary for the
 9 Company’s stockholders to make an informed decision whether to vote in favor of the Proposed
 10 Transaction.

11 57. Specifically, as set forth below, the Registration Statement fails to provide
 12 Company stockholders with material information or provides them with materially misleading
 13 information concerning: (i) the Company’s financial projections; (ii) potential conflicts of
 14 interest concerning the Company’s directors.; and (iii) potential conflicts of interest involving
 15 Morgan Stanley. Accordingly, Swift stockholders are being asked to vote for the Proposed
 16 Transaction without all material information at their disposal.

17 ***Material Omissions Concerning Insiders’ Potential Conflicts of Interest***
 18

19 58. The Registration Statement fails to disclose material information concerning the
 20 potential conflicts of interest faced by Swift’s Board.

21 59. The Registration Statement indicates that the Board agreed to pay themselves “on
 22 a per meeting basis,” for evaluating the Proposed Transaction as well as additional compensation
 23 as follows: (i) \$500 for one hour or less; (ii) \$1,000 for one to four hours; and (iii) \$2,500 for
 24 four hours or more. No further details are provided regarding the amount of compensation each
 25 Board member received in connection with their consideration of the Proposed Transaction.

26 60. Furthermore, following the close of the Proposed Transaction, certain members of
 27 Swift’s Board will continue with the new company, and receive a variety of benefits. However,
 28 the Registration Statement fails to fully disclose the timing and nature of all communications
 29 regarding future employment and/or benefits relating to Swift’s management and directors,
 30 including who participated in such communications and when Knight first expressed its interest

1 in retaining members of Swift management following the merger. Additionally, the Registration
 2 Statement is silent as to whether the Board ever considered creating a special committee of
 3 independent directors to consider the Proposed Transaction in light of Defendant Moyes's
 4 controlling interest and the active participation of Defendant Dozer in the negotiation process.

5 61. Communications regarding post-transaction employment opportunities during the
 6 negotiation of the underlying transaction must be fully disclosed to stockholders. This
 7 information is necessary for stockholders to understand potential conflicts of interest of
 8 management and the Board, as that information provides illumination concerning motivations
 9 that would prevent fiduciaries from acting solely in the best interests of the Company's
 10 stockholders. Additionally, information regarding Board compensation and the Board's view
 11 towards the creation of a Special Committee is necessary for stockholders to understand potential
 12 conflicts of interest of the Board, as that information provides illumination concerning
 13 motivations that would prevent fiduciaries from acting solely in the best interests of the
 14 Company's stockholders.

15 62. The omission of this information renders certain portions of the Registration
 16 Statement false and/or materially misleading in contravention of the Exchange Act including,
 17 *inter alia*, the following sections of the Registration Statement: (i) "Background of the
 18 Transaction" and (ii) "Interests of Swift's Directors and Officers in the Transaction."

19 ***Material Omissions Concerning Conflicts of Interest Involving Morgan Stanley***

20 63. The Registration Statement fails to disclose material information concerning the
 21 potential conflicts of interest faced by Morgan Stanley.

22 64. As noted in the Registration Statement, Morgan Stanley or an affiliate thereof
 23 currently is a lender to Moyes and to Keith Knight. No details are provided the amount of
 24 compensation Morgan Stanley has earned, or is expected to earn, in connection with those
 25 services.

26 65. Full disclosure of investment banker compensation and all potential conflicts is
 27 necessary due to the central role played by investment banks in the evaluation, exploration,
 28 selection, and implementation of strategic alternatives. Accordingly, the omission of such

1 conflicts of interests renders the Registration Statement false and misleading, including, *inter*
 2 *alia*, the following sections of the Registration Statement: (i) “Background of the Transaction”
 3 and (ii) “Opinion of Swift’s Financial Advisor.”

4 ***Material Omissions Concerning the Company’s Financial Projections***

5 66. Additionally, the Registration Statement also fails to disclose material information
 6 concerning the Company’s financial projections. Specifically, the Registration Statement
 7 provides stockholders with three sets of certain of the Company’s financial projections: (i) Swift
 8 December standalone projections; (ii) Swift December upside standalone projections; and (iii)
 9 Swift April standalone projections. Included as part of these projections are values for a number
 10 of non-GAAP financial measures including EBITDA, Adjusted Net Income, Adjusted EPS, and
 11 Unlevered Free Cash Flow. Although the Registration Statement provides a definition for how
 12 these metrics were calculated, it fails to provide the line item metrics used to calculate them.
 13 Providing these non-GAAP metrics without disclosing the line item metrics used to calculate it,
 14 or otherwise reconciling the non-GAAP projection to GAAP measures, makes the provided
 15 disclosure materially incomplete and misleading. Non-GAAP measures have no universally
 16 understood definition and vary widely between companies depending on the needs of
 17 management in promoting their own effect on Company performance.

18 67. Accordingly, the Registration Statement provides Swift stockholders with non-
 19 GAAP financial projections that make it extremely difficult for stockholders to assess the
 20 fairness of the Proposed Transaction. Because of the non-standardized and potentially
 21 manipulative nature of non-GAAP measures, the SEC requires the disclosure of certain
 22 information in solicitation materials. Thus, when a company discloses information in a
 23 Registration Statement that includes a non-GAAP financial measures, as is the case here, the
 24 Company must also disclose comparable GAAP measures and a quantitative reconciliation of
 25 forward-looking information. 17 C.F.R. § 244.100.

26 68. Item 10(e)(1)(i)(B) of SEC Regulation S-K further states that, with regard to
 27 forward-looking information such as financial projections, *any* reconciling metrics that are
 28 available without unreasonable efforts must be disclosed. 17 C.F.R. 229.10(e)(1)(i)(B).

1 Moreover, on May 17, 2016, the SEC’s Division of Corporation Finance released updated
 2 Compliance and Disclosure Interpretations (“C&DIs”) on the use of non-GAAP financial
 3 measures. One of the new C&DIs regarding forward-looking information, such as financial
 4 projections, explicitly requires companies to provide reconciling metrics for “free cash flow”
 5 figures. S.E.C. Comp. & Disc. Interps., Question 102.07 (May 17, 2016)
 6 <https://www.sec.gov/divisions/corpfin/guidance/nongaapinterp.htm>.

7 69. EBITDA, Adjusted Net Income, Adjusted EPS, and Unlevered Free Cash Flow
 8 share similar line item metrics, and for that reason it is disconcerting that the information
 9 required to calculate and reconcile the most directly comparable GAAP financial measure is
 10 described in the Registration Statement as being unavailable without unreasonable efforts. As
 11 discussed in the *Swift Management’s Unaudited Prospective Financial Information* section,
 12 these shared metrics, and others, were used by management to calculate the projections for 2017
 13 through 2021. Consequently, this information is readily available to management and should be
 14 shared with stockholders. The failure to do so places Swift stockholders at a significant
 15 disadvantage. Accordingly, without the ability to reconcile the non-GAAP projections to
 16 corresponding GAAP metrics, Swift’s stockholders are provided an incomplete picture of the
 17 Company’s financial future and are therefore unable to make a fully informed decision on
 18 whether or not to tender their shares.

19 70. Without disclosure of these reconciling metrics, the Registration Statement
 20 violates SEC regulations and materially misleads Swift’s stockholders. When a banker’s
 21 endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used
 22 to arrive at that opinion as well as the key inputs and range of ultimate values generated by those
 23 analyses must also be fairly disclosed. Furthermore, disclosure of projected financial information
 24 is material because it provides stockholders with a basis to project the future financial
 25 performance of a company, and allows stockholders to better understand the financial analyses
 26 performed by the company’s financial advisor in support of its fairness opinion. Here, the
 27 Defendants’ failure to provide full and accurate disclosures renders the Registration Statement
 28 false and misleading, including, *inter alia*, the following sections of the Registration Statement:

(i) “*Swift Management’s Unaudited Prospective Financial Information*” and (ii) “*Opinion of Swift’s Financial Advisor.*”

71. Accordingly, based on the foregoing disclosure deficiencies in the Registration Statement, Plaintiff seeks injunctive and other equitable relief to prevent the irreparable injury that Company stockholders will suffer, absent judicial intervention, if Swift's stockholders are required to vote on the Proposed Transaction without the above-referenced material misstatements and omissions being remedied.

FIRST CAUSE OF ACTION

**Against All Defendants for Violations of Section 14(a) of the Exchange Act
and Rule 14a-9 Promulgated Thereunder**

72. Plaintiff repeats and realleges each allegation set forth herein.

73. As detailed herein, Defendants disseminated the false and misleading Registration Statement specified above, which contained statements which, at the time and in the light of the circumstances under which they were made, were false and misleading with respect to material facts and which omitted to state material facts necessary in order to make the statements therein not false or misleading or necessary to correct earlier statements which had become false or misleading, in violation of Section 14(a) of the Exchange Act and SEC Rules promulgated thereunder, including SEC Rule 14a-9.

74. By the use of the mails and by means and instrumentalities of interstate commerce and the facility of a national securities exchange, Defendants solicited and permitted the use of their names to solicit proxies or consents or authorizations in respect of the common stock of Swift.

75. By virtue of their positions within the Company, the Individual Defendants were aware of this information and of their duty to disclose this information in the Registration Statement. The Registration Statement was prepared, reviewed, and/or disseminated by Defendants. The Registration Statement misrepresented and omitted material facts, including material information about the unfair sale process for the Company, the unfair consideration offered in the Proposed Transaction, and the actual intrinsic value of the Company's assets. Defendants were at least negligent in filing and disseminating the Registration Statement with

these materially false and misleading statements and omissions. Defendants have also failed to correct the Registration Statement and the failure to update and correct false statements is also a violation of Section 14 of the Exchange Act and SEC Rules promulgated thereunder.

76. The omissions and false and misleading statements in the Registration Statement are material in that a reasonable stockholder would consider them important in deciding whether to vote in favor of and tender their shares in the Proposed Transaction. A reasonable investor would view a full and accurate disclosure as significantly altering the “total mix” of information made available in the Registration Statement and in other information reasonably available to stockholders.

77. Plaintiff has no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff be fully protected from immediate and irreparable injury, which defendants' actions threaten to inflict.

SECOND CAUSE OF ACTION

Against the Individual Defendants for Violation of Section 20(a) of the Exchange Act

78. Plaintiff repeats and realleges each allegation set forth herein.

79. The Individual Defendants acted as controlling persons of Swift within the meaning of Section 20(a) of the Exchange Act, as alleged herein. By virtue of their positions as officers and directors of Swift and their participation in and awareness of the Company's business and operations and their intimate knowledge of the materially false statements and omissions contained in the Registration Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that Plaintiff contends are false and misleading.

80. Each of the Individual Defendants was provided with or had unlimited access to copies of the Registration Statement and other statements alleged by Plaintiff to be false and misleading prior to or shortly after these statements were issued and had the ability to prevent the issuance of the statements or to cause the statements to be corrected.

81. In particular, each of the Individual Defendants had direct and supervisory

involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same. Among other things, the Registration Statement at issue contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. Thus, they were directly involved in the making of that document.

7 82. In addition, as the Registration Statement sets forth at length, and as described
8 herein, the Individual Defendants were each involved in negotiating, reviewing, and approving
9 the Proposed Transaction. The Registration Statement purports to describe the various issues and
10 information that they reviewed and considered – descriptions which had input from the
11 Individual Defendants.

12 83. By virtue of the foregoing, the Individual Defendants have violated Section 20(a)
13 of the Exchange Act.

14 | 84. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

17 WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief,
18 including injunctive relief, in Plaintiff's favor and in favor of the Class and against Defendants as
19 follows:

20 A. Certifying this case as a class action on behalf of the Class defined above,
21 appointing Plaintiff as a representative of the Class, and appointing his counsel as class counsel;

23 B. Enjoining Defendants, their agents, counsel, employees, and all persons acting in
24 concert with them from consummating the Proposed Transaction, unless and until the Company
25 adopts and implements a procedure or process to obtain the best available terms for shareholders;

26 C. Rescinding, to the extent already implemented, the Proposed Transaction or any
27 of the terms thereof, or granting Plaintiff and the Class rescissory damages;

D. Directing the Individual Defendants to account to Plaintiff and the Class for all damages suffered as a result of the wrongdoing;

E. Awarding Plaintiff and the Class the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

F. Granting such other and further equitable relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury for all issues so triable.

Dated: June 29, 2017

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